

OPEC,

independence flag for
countries in the South

111st



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Opening speech at the 141st Extraordinary Meeting of the OPEC Ministerial Conference

The 141st Extraordinary Meeting of the Ministerial Conference of the Organization of Petroleum Exporting Countries (OPEC) was held in Caracas, Venezuela on June 1, 2006. This Meeting gathered 200 delegates, including ministers, OPEC governors, national representatives and their respective technical teams. Following are the opening speeches of Hugo Chavez, President of the Bolivarian Republic of Venezuela, Edmund Maduabebe Daukoru, President of the Conference and State Minister for Petroleum Resources of Nigeria, and Rafael Ramirez Carreno, People's Minister for Energy and Petroleum and President of PDVSA.

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The current capitalist development model, based on the irrational exploitation of energy, is neither viable nor sustainable. The world's hydrocarbon resources are not enough to sustain the current huge consumption of industrialized countries or their future projected consumption.

In view of such enormous energy voracity, the Bolivarian Government of Venezuela is implementing a Full Oil Sovereignty policy that is promoting, within the Organization of Petroleum Exporting Countries (OPEC), the rational management of the exploitation rate of this natural non-renewable resource, the maximum value of oil resources, a worldwide energy equilibrium, and the strategic use of hydrocarbons for integration, social justice, solidarity, and the fight against poverty and against social exclusion.

Venezuela gave a special welcome to the 141st Extraordinary Meeting of the Ministerial Conference of OPEC, which was held in Caracas on June 1, 2006.

This publication included the opening speeches of Hugo Chavez, President of the Bolivarian Republic of Venezuela, Rafael Ramirez, People's Minister for Energy and Petroleum and President of PDVSA, and Edmund Maduabebe Daukoru, President of the OPEC Conference and State Minister for Petroleum Resources of Nigeria, in the framework of the 141st Extraordinary Meeting, with the purpose of increasing the propagation of the strategic role played by OPEC in the international context.

I welcome you brothers from Saudi Arabia, Algeria, United Arab Emirates, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria and Qatar.





Hugo Chávez

“OPEC is a liberating organisation for the development of our peoples of the South”

“ Good morning: Your Excellencies Ministers of Energy of non-OPEC petroleum producing countries here with us, Egypt, Syria, and Angola; honourable gentleman Mohammed Barkindo, Secretary General of the Organisation of Petroleum Exporting Countries (OPEC); your Royal Highness, Abdelaziz Bin Salman, Prince of the Kingdom of Saudi Arabia; Your Excellencies Ambassadors, Extraordinary and Plenipotentiary accredited before the national government; Honourable Governors, National Representatives before the OPEC; José Vicente Rangel, Executive Vice President of the Republic; Foreign Affairs Minister Ali Rodríguez Araque; Rafael Ramírez Carreño, Minister of Energy and Petroleum and President of Petroleos de Venezuela (PDVSA); and other Ministers from the Executive Cabinet; Ivan Orellana, Governor of the Bolivarian Republic of Venezuela before the OPEC, presidents of autonomous

and State companies, general directors of the Ministry of Energy and Petroleum, members of the Board of Directors of Petroleos de Venezuela, special guests, ladies and gentlemen from national and international media. All of you friends:

45 years ago, around this time of the year in 1961, the Statute that gave birth and support to this date, and will always continue to support the Organisation of Petroleum Exporting Countries, our Organisation, were being approved here in Caracas. While I evoke this, mister president, ministers and governors, I would like to pay my respects to the founders of OPEC, the countries and leaders that undertook that responsibility with an extraordinary vision. The sole creation of OPEC, we can say, was a revolution that shocked the world.

I would also like to remember the historical Summit we celebrated here in Caracas almost six years ago, in



September of 2000, exactly when a century was ending and a new century began. We can say without exaggerations of any kind that in the 2000 Summit, similar to how OPEC was being born in 1960 in Baghdad, twenty five years later here in Caracas OPEC was being reborn, because the life, course and path of our Organisation has not been easy.

I wanted to go back to those historical events that took place here. Today we warmly welcome the President, the Secretary General, the Ministers, your Royal Highness Prince of Saudi Arabia, the Ministers of non-OPEC oil producing countries, and all members from African delegations, because beyond OPEC there is Africa, Asia, the Middle East, the Persian-Arab Gulf and Latin America. Let's see then who is part of OPEC, countries from the third world, countries that were imposed for centu-

ries the harshest colonialism, countries that were condemned by the powerful of the earth.

When I speak about these things I always remember, and you know I speak from the heart and soul, I remember Frantz Fanon and his great book "The Wretched of the Earth" that helped awake our conscience when we were youngsters and even children.

So, through you, brothers and sisters, we send greetings to the forgotten peoples of Africa. Through you we send greetings to this great world, great for its geographical extension, great for how extended throughout time the Persian-Arab Gulf is, those legendary lands, deep and full of infinite knowledge. The Arab peoples, the Persian people, please receive our warm greetings, our welcome, our affection, and even more, our love. Salam Alekum!

To the Asian peoples here represented, we send our greetings, we express our admiration, and in particular our sorrow feelings to the Indonesian people who are currently experiencing a great tragedy, another one of the tragedies the world is undergoing. An earthquake has devastated entire populations, ended thousands of lives, and caused hundreds of thousands of victims. Our sorrow feelings go to the people of Indonesia and our willingness to provide all possible support, and I am sure I speak for all OPEC countries to our brothers the people of Indonesia.

This past May 31, we gathered at the Military Circle and we commented on a few things I would like to mention now in the inauguration of our Summit.

You know dear friends that oil appeared in Venezuela over a century ago. Our indigenous communities used it to build their ships, to lighten their houses and for other purposes. But petroleum as it is nowadays appeared in Venezuela as the product of an earthquake in the Andean mountains. The story tells that the earth opened up and the black, thick liquid started to flow. Some farmers from the area saw that running substance and thought it was the devil coming out of the earth, they looked for a priest in the nearest town and it seems that the priest used up all the wholly

water he had, and he kept on blessing and blessing, but the devil never stopped erupting. This was the way oil appeared in Venezuela. And as early as the beginning of the 20th century, in this border region with our sister Colombia, there already was an oil production, refining, distribution and commercialization industry. Venezuela exported some refined products, such as kerosene, to Colombia and some Caribbean countries. It was an industry with little scientific and technological skills, but it was a national industry, with domestic capital and directed by Venezuelans, managed by Venezuelans, called La Petrolia del Tachira, which is something very important for us Venezuelans.

Then, the eyes of the developed countries of the world, and especially the imperialist eyes of the United States of America started to carefully watch Venezuela. And it was then when, along with the beginning of the 20th century, a new era in the political, economic and social history of our country began,

“We are members of the Organization of Petroleum Exporting Countries, and not only petroleum, but also peace and progress. We want to guarantee adequate and fair supply for the development of the world. We want to preserve our natural resources and have the appropriate tools to develop our nations”.



Edmund Maduabebe Daukoru, State Minister for Petroleum Resources of Nigeria and President of the OPEC Conference, along with Hugo Chavez, President of the Bolivarian Republic of Venezuela, and Rafael Ramirez, People's Minister for Energy and Petroleum and President of PDVSA.

heavily defined by the oil factor, by oil geopolitics, and by the United States imperialist geopolitics that started counting the oil reserves that appeared and appeared and appeared here in Venezuela, incessantly, as its own oil reserves to feed its capitalist, imperialist development model.

Something happened here as well, but about 500 years ago, when war-torn Europe arrived here and started the lootings here in Indo-American lands. Gold, silver, precious stones, minerals, spices and products of all kinds. And this was nevertheless how we were born as a civilization. Because here,

dear visiting brothers, workmates of OPEC, here in South America a new civilization was being born, resulting from the mix and crossbreeding of the indigenous peoples of this land with the blacks brought from our sister and beloved Africa. And it was the mix of European, African and Indo-American blood that resulted into our civilization, the great native land of South America, as our Liberator Simon Bolivar used to call it.

With the 20th century Venezuelan began to turn into an oil producing country with large reserves, and companies from the northern countries began to arrive.

And it was close to 1917, when the First World War was ending, that the first ship loaded with Venezuelan oil sailed from the San Lorenzo port in Zulia state.

Now, to have an idea of the unfair model of production and distribution of that resource and the benefits that this natural resource, petroleum, yielded and yields to this date, I would like to comment or refer to a figure I read in one of those books written by a Venezuelan author who we still remember very much, and today I would like to pay my respects to his memory, one of the most active men in the foundation process of OPEC, I am talking about Juan Pablo Perez Alfonzo.

In one of these books Perez Alfonzo makes a historical, economic, social, mathematic and even financial analysis of the oil production model imposed on Venezuela. One hundred years ago, a patriot governed Venezuela. After the tragedy experienced by Venezuela during the last seven decades of the 19th century, after the violent jolt of independence, after Simon Bolivar's tragedy and the dismembering and collapse of the Bolivarian dream of the 19th century, a government arose in Venezuela claiming a restoring revolution, and at the front was a man that came precisely from those mountains where the devil showed up: Cipriano Castro.

Exactly one hundred years ago Cipriano Castro governed Venezuela around this time of the year, and he was beginning to

“I dream of the day when Venezuela will not be the only Latin American country member of OPEC”.

put order in the country, a country ravaged by internal wars, a destroyed country with one century of violence, war, first independence and then destructive internal wars. Castro faced internal conspiracy, the blockade of Venezuelan coasts by European powers, the criollo oligarchy, stateless and anti-national, and the imperialist desires of the United States of America. Castro passed the first petroleum or mineral law that we know about after the Bolivar Decree, a decree that was never complied with. Let's remember he was overthrown. And how was the government of Cipriano Castro overthrown? Who was behind that overthrowing? It is not very hard to find that out. Just a few days after the coup d'état against General Cipriano Castro, who happened to be out of the country due to sickness, several war ships from the United States Navy arrived to the La Guaira port to support the new government. And a few months later a dictatorship was installed in Venezuela supported by the United States imperialism, and this dictatorship started granting concessions, the sadly renow-



“President Chavez has led the Full Oil Sovereignty policy that is currently knocking down the foundations of the anti-national strategy called oil opening”, Ramirez indicated.

ned oil concessions. Max Valladares, an infamous Venezuelan, received almost the entire country under a concession without paying a penny for it. And just a few days later Max Valladares transferred the concession granted by the

government of Juan Vicente Gomez, the tyrant, to a United States company created around that time: the Caribbean Petroleum Company. And hence the North American empire became the owner of our country.

To have an idea, and I quote figures from Perez Alfonzo, from 1917 to 1928, during this first decade of massive and industrial production and export of Venezuelan petroleum, almost 300 million crude barrels were exported. The price of the crude barrel was less than one dollar. And do you know what was the benefit that Venezuela obtained from that huge mass of oil? Eight million dollars, that was what the Treasury received, and it is entered in the records of the government of those years. It was a real looting.

I do not know which one was more malicious; I do not know which looting was more harmful and brutal, if the one carried out by the Spaniard conquerors from 1498 to 1700 and beyond, or the oil looting on Venezuela during the first decades of the 20th century. Because the Spanish empire was certainly very harmful, but they built cities, roads, and although in an imperialist and cruel way, there was a crossbreeding of races, populations started to settle down, and a civilization was born. But in the 20th century, what cities were born? On the

contrary, cities and estates were destroyed because of the imperialist desires of oil production.

Well, eight million dollars out of a volume of 300 million barrels, if we round up the price of the oil barrel for ten years to one dollar, not even 3% of the benefit that goes to the owner of the natural resource. And that did not change much in the 30s or 40s. And at the end of the 40s a government that wanted to recover control of the raw material arrived, and the President of the Military Junta of that government was assassinated, his name was Carlos Delgado Chalbaud.

And then the 60s arrived and the world started to change with a wave of independence movements that swept Africa, the Caribbean and Asia, the same thing that had happened here in South America and Central America at the start of the 19th century started to powerfully occur in the middle of the 20th century in Africa and Asia. Great leaders and popular movements began to emerge vigorously.

We have to remember that back in those years a Summit took place in Indonesia with renewed ideas, with independence ideas. Arab nationalism raised its victorious flag, especially from Cairo with the infinite force of Nasserism. The world started to change during those years and it was in the middle of the nationa-

“OPEC is an independence flag for countries in the South, one of the most important achievements in the third world. Latin American peoples are willing to be free”.

lism wave, in the midst of a true world revolution, that the proper conditions for the birth of our Organisation of Petroleum Exporting Countries emerged.

Last night our friend, the Minister of Petroleum of the Kingdom of Saudi Arabia, was remembering that when OPEC was being born the price of petroleum was still one dollar. A while ago I talked about the price of oil in 1915, 1917 and 1920, which was close to one dollar, or maybe a bit less. And 1960 arrived and oil was still one dollar, and the big industrial powers were taken oil away from Latin America, Asia, the Middle East and Africa to quench their thirst, to feed a non-viable development model. OPEC is born that way and it starts to change the panorama progressively, it starts to change the market softly and progressively, our countries take sovereign control over their natural resource, our countries then take over the power to decide on something that was not new, a quota system.

The quota system that OPEC started to establish was nothing new. What happened was that the quota system was being controlled by the seven sisters



and the countries that owned the natural resource did not participate at all in setting those quotas that the big multinational oil companies controlled in response to the mandates of their parent companies and dominant countries, always at really low prices. Of course, not as low as to cause losses to the seven sisters, but very low prices with the propose of benefiting large consumers.

The quota system to regulate the world's oil market dates back to the second decade of the past century. At that time, the United States was by far the largest producer worldwide, besides currently being, until 1947, a net exporting country. And it was the United States government, with its federal structure, the one that controlled a quota system to balan-

ce supply and demand based on conservative tenets. It was acknowledged that the efficient production of this depletable non-renewable natural resource was only possible in an environment of stable prices, and so did the United States courts acknowledge it as well. It was not a matter of a cartel or producers that might be considered illegal; it was definitely a matter of rationally producing a depletable non-renewable natural resource. It was a matter of ending and preventing its greedy and destructing production, which resulted from the unrestricted capitalist competition that had taken place the first 50 years of the United States oil production. In other words, it was exactly in the United States of America where the quota system was

born, and then the seven sisters imposed such quota system worldwide. But I insist, we did not have anything to do with it, we were being exploited in a brutal way.

Since the time of its birth in 1961 OPEC has been the only authentic revolution, which indicates that the great Victor Hugo was right when he said the phrase: there is nothing more powerful than the idea which time has arrived. Hence, it was possible in the 60s, due to global circumstances, for global changes to occur, some of which I have referred to previously.

Now we always remember that phrase of a president of the United States that said: we will put OPEC on its knees, because OPEC started to be sanitized by global powers, because OPEC has always represented an independence flag, independence particularly for us, countries of the third world, countries of the South. One of the largest revolutionary acts, in my perspective, in the history of the countries of the third world was the birth of OPEC. That president of the United States that hollered and said: we will put OPEC on its knees. They did it. OPEC started to weaken during the 80s, to weaken, divide, and specially during the 90s, after the fall of the Soviet Union and the Berlin Wall, when the irrational theory of the invisible hand

“Some day we hope to have (in Latin America) a strong currency that might be called Sucre, so that we would do away with the dollar dictatorship”, asserted President Chavez, who proposed this topic for a next debate.

and of the market, the theory of the end of history, when the evil, irrational and colonialist globalization theory covered the world as a gloomy cloud, specially in the 90s OPEC was in the brink of death. And one of the countries in particular whose government acted as a Trojan horse within OPEC was Venezuela and the governments it had during the 90s.

PDVSA was taken over by anti-national interests, a technocratic PDVSA that started to put into action not the plans created by any government because we really had no government in Venezuela; instead, big international interests that dominated the continent governed Venezuela at that time, a kidnapped PDVSA, acting as a Trojan horse against itself and the brother countries of OPEC.

At the end of the 90s, the Minister of Energy, at that time Minister of Hydrocarbons, said a phrase that was repeated many times on radio and television to Venezuelans, they were preparing Venezuela's exit from OPEC, it was an already made decision, they were only preparing the path to take that decision, or better to execute it: OPEC is a



President Chavez restated the idea of considering the Euro as a reference currency when setting oil prices, since the dollar is becoming weaker.

club of Pinocchios. This was one of the most repeated phrases here.

I remember when I was a presidential candidate in 1997; the Bolivarian Revolutionary Movement that powerfully emerged in Venezuela at the end of the 80s and the beginning of the 90s as a result of the historical crisis that our country was undergoing at that time, burst in, dragged us, and it still does, and here we go. We are not the cause; we are the result of history, of a rupture, of an emergency, of a volcano, that is simply what we are. There is an ongoing revolution here, a revolution that has to do a lot with the oil production model imposed on Venezuela in the 20th century.

Just a few weeks ago we were in Rome,

chatting with His Holiness Benedict XVI and I remember that as soon as we sat down the first thing he asked me was: "President, Venezuela, so much richness and poverty. What a contrast, right?" He gave me the opportunity to explain to him my thoughts in that regard, of how a country that started producing oil before the turn of the 20th century, a country that for several decades was the first oil exporter of the world, a country that fed a good part of the Western industrial machine with its oil, ended up in the 20th century with enormous poverty and misery extended everywhere.

There was never a drop of oil for the Venezuelan people, the criollo oligarchy and particularly the North American empire sucked up the oil. Now oil belongs to the Venezuelan people and oil will be for justice, equality and the development of our people. That is the very truth.

It takes a bit to achieve it. If Paris is worth a mass, our country is worth many more masses. This is what it is really happening in Venezuela, and this is the essence of the permanent aggression that the North American empire has inflicted on Venezuela for the past seven years, that is the fundamental cause for the coup d'état that occurred on April 11, 2002, that is the fundamental cause by which the United States is now saying that we

support terrorism and that we are a destabilizing factor in the American continent, because now we are free, that is what we are and we could not care less about what the North American empire says. We are decided to be free, and as José de San Martín said: "We are free, everything else does not matter at all".

Now dear brothers and sisters, OPEC was put at the brink of death, and it was Venezuela who was stabbing it from within following the imperialist game. What was the price of the oil barrel in 1998? Close to 10 dollars per barrel. If we go back in time to make a mathematic-historic equivalence and we compare it to 1917 is very likely that by 1998 the price of the oil barrel was comparatively less than its value of one dollar in 1915 or 1917. In other words, a century went by and we gave away oil for a century to quench the thirst of the developed countries. And the peoples of Africa, our peoples in Asia, our peoples in Latin America were sinking in underdevelopment, misery and backwardness. Colonialism, that is called colonialism. Imperialism, that is called imperialism. That is why OPEC is an anti-imperialist organisation, OPEC is an anti-imperialist organisation, OPEC is a liberating organisation for the development of our peoples of Latin America, Africa and Asia.

"In Venezuela we decided that the purpose of that price band is to regulate and avoid ups and downs and market volatility. OPEC became and will continue to be a powerful regulating entity".

I would like to thank the many people that worked first unnoticeably and afterwards publicly in the development of OPEC's re-launching plan, or better yet, OPEC's rebirth plan. We even went to Baghdad and we did not go there for us, we went there for OPEC. I remember and I pay my respects today to a brother that gave me much advice and is not physically here with us, I am talking about King Fahd of Saudi Arabia, who despite his age and difficulties did not stop hosting me and chatting with me. I remember prince Abdul, nowadays the sovereign king of Saudi Arabia. I remember the conversations with Abdelaziz Bouteflika in Algeria, with Muḥamar Khadafi in Tripoli. How much did ex President Muḥammad Jatami of Iran helped us, from the point of view of knowledge, the reality that OPEC and the Arab and Persian worlds were living those years, so we could jump in and take a chance. Some used to ask me, "are you crazy? This is a crazy thing!" Well, and how could we not remember Emir Ahmed of Kuwait and his good sense of humour when facing the harshest and toughest situations? Also Kuwait, Qatar, the United Arab Emirates. How could

“We cannot have external stability without having internal stability, and I am referring to the stability of our nations in economic, political and social terms. This stability is nowadays threatened by the shadow of interventionism and State terrorism, resulting from the desire of some nations to allot themselves reserves by force”.

we forget our brother General Olosegun Obasanyo, President of Nigeria? Or the Indonesian President at that time. Or the conversations with then President Saddam Hussein to assure Iraq's attendance, as it happened, to the Caracas Summit. Then the aggressions and threats from the United States. I remember Washington said that Chavez could not go to Baghdad and they were irritated when we were in Teheran. From Teheran we went to Baghdad. They said that we could not fly because there was a non-flying zone, but we did arrive to Baghdad.

In 2000 we celebrated the successful Summit of Presidents, Sovereigns, and Heads of State of OPEC countries here in Caracas. The history of Venezuela after that is well known. The imperialist aggression was not only being inflicted against Venezuela but also against OPEC. It attempted to stop the strengthening of OPEC and the North, the hegemonic power centres knew, and still know, that Venezuela modestly plays an

important role in our organisation. All the roles being played are important. Our role is important too. And they know about our absolute decision for OPEC not only to continue to exist, but also to continue to strengthen and grow. The 2002 coup d'état happened. And that pro-imperialist government arrived, that dictatorship installed itself here in Venezuela, once our government fell at the crack of dawn that terrible day of April 12, 2002. And what were the statements, which are recorded, of that government that did not even last 48 hours, that was swept by the Venezuelan people and the soldiers of the Mother Land, as we will sweep any attempt of dictatorship in Venezuela or any aggression against Venezuela. But those statements are part of history now and they demonstrate that the coup d'état was directed straight to the heart of OPEC. That government declared that Venezuela would not follow OPEC quotas. You remember that we had decided in OPEC a price band of a minimum of 22 dollars and a maximum of 28 dollars. And that if the price rose over the 28-dollar ceiling and continued to be so for a certain number of consecutive days, then OPEC would automatically increase production, I believe to 500 thousand barrels, to measure the impact. Similar actions would be taken if the price went below 22 dollars. Production would be



automatically trimmed down to 500 thousand barrels. It was a wise decision from OPEC. And at the end it was even accepted by industrialized countries, the big consumers.

I remember the last conversation with a president of the United States, former President Bill Clinton. This was a gentleman with whom you could have a conversation, or rather you still probably can. The same is not applicable to the current president of the United States. I think he is a threat to the world. He is a real threat. By the way, I take this opportunity to demand the withdrawal of United States troops from Iraq and to let that people live in peace. We strongly demand before the world a halt to the

attacks against the Iraqi people and a halt to the threats against the Iranian people. Both of them are peoples who are brothers and peoples of OPEC. Let us build ourselves in peace.

OPEC does not want war. OPEC does not want backwardness; elaborating, you may even say that the acronym OPEC could be spiritually extended. I mean, Organisation of Petroleum Exporting Countries could also be Organisation of Peace Exporting Countries, or Organisation of Progress Exporting Countries. That is our Organisation. We want peace. We want to guarantee an adequate and fair supply to achieve a balanced development of the world. We want to preserve our natural resources



and we want to have only the resources necessary for the development of our countries, for the development of our peoples.

That dictatorial government installed for 47 hours also declared that Venezuela was no longer a member of OPEC, that OPEC quotas would not be followed, that PDVSA would retake the so called volumetric strategy. Opinions, newspaper articles and television programs talking about OPEC, oil and PDVSA have widely increased in the last few days before this Summit. And one of these days I was watching a Venezuelan oil expert, previously a PDVSA senior executive, talking on a television program, wondering only two days ago how it was possible for Venezuela to be producing 3 million oil barrels at this point –they say we are producing below 3 million– that Venezuela should be already producing 6 million oil barrels.

Of course this was the plan prepared and being executed through the so-called Oil Opening, which we have already closed and buried with the application of this new Constitution, of the new Hydrocarbons Law and with the plan we have called Full Oil Sovereignty. We have buried the Oil Opening plan, which was a plan to give away the country and to murder OPEC. Venezuela, according to this plan, should be producing 6 million oil barrels at this point. Almost twice as much of what we are producing nowadays. In this type of scenario the price of the oil barrel would be much lower than 10 dollars. Had Venezuela followed this plan, we would have reached a nominal value of one dollar, the same price we had one hundred years ago.

We re-launched OPEC. OPEC was reborn and six years later we are here in this 141st Meeting of Ministers and

Governors, to continue to adjust our decisions. The market currently has an adequate oil supply, as the Organisation's president stated. There is no need to increase oil production. Some countries of the developed North insist for us to increase oil production. It is not necessary. There is enough oil in the market. We even think there is a surplus of oil in the market. We have to pay attention. OPEC became a powerful regulator for stability and balance. The price band that established a minimum of \$22 and a maximum of \$28 became history. We will have to record it in the oil history of the beginning of the 21st century.

I believe the current floor of the price band, if we are going to talk about a price band, should be 50 dollars per barrel. It could evolve in the future. Everything evolves. The ceiling of the price band is infinity. Infinity does not need a ceiling. Let's put a floor: 50 dollars. And let's always look for balance. Let's always advance towards balance. Now, as our Minister used to say and as our experts know it as well, no one in OPEC looks for the cause for the increase of oil prices in OPEC. On the contrary, OPEC continues and will continue to act as a price regulating mechanism. But there are other factors that trigger prices. Geopolitical tensions, for example, the aggression against the Iraqi people, the threats against the

Iranian people, and the threats against Venezuela. Geopolitical factors greatly affect expectations on futures market. Speculation of the so-called futures markets also impact prices. The lack of investments for refining and the low processing and refining capacity is another cause, as well as the increase of the world's consumption that will continue in a sustained manner in countries such as China, India, in Europe, Africa and Latin America. We all need to consume a bit more. We need more energy. The world's population is growing. Entire regions are emerging from darkness.

Large oil reservoirs tend to decline. There are many structural factors that affect and trigger prices upwards.



Daukoru thanked the welcome given by the Bolivarian Government, as well as the excellent organisation and support provided to carry out the Conference in Venezuelan territory, one of OPEC's main foundations.



Another factor is taxes on the consumption of gas and oil by-products charged in Europe and the United States. I would like to make a call to reflection to the countries that are large consumers. The consumer model that wastes energy in a torrent, without any type of conscience, without taking into consideration that we are dealing with non-renewable natural resources, such as oil, that will be depleted one day.

Not very long ago we were in Europe and I mentioned to the Presidents with whom I shared a discussion table, some Europeans and others from Latin America, I mentioned that in Vienna, in the streets of Vienna, and it is the same in New York, the same in Washington, over 90% of the vehicles have only one passenger: the driver. Individualism is extreme. Each vehicle is almost 3 meters long. Vehicles made for six people that take up a space of 3 meters x 2 meters. One after another, in an endless line kilometres long. Thousands of vehicles

going as low as a turtle and consuming gas. That is the capitalist craziness. It is not sustainable. We have to make a call to reflection to the ones that have imposed that model over the world. It has been demonstrated. I am going to repeat it. I have said it many times but I will never become tired of saying it because it is about the world assuming this topic fully consciously or the world entering large political, economic and environmental unbalances that will threaten the survival of the human race in this planet in centuries to come. The United States has 5% of the world's population and consumes almost 25% of the energy produced in the planet –we would need seven Earths to sustain this life style. Topics for reflection, which are very adequate in this Summit Meeting of OPEC.

Here in Venezuela the profile has changed. 20 years ago in Caracas, according to recently published studies, 80% of the users of internal roads, avenues

and highways were private vehicles (this is important information). Currently, this percentage has decreased from 80% to 60%. In other words, the use of public transportation in Caracas has increased. And it will continue to increase. We will soon open other Metro lines in the capital, as well as in the cities of Los Teques, Maracaibo and Valencia. We are building the Caracas-Tuy Medio train and thousands of kilometres of railroad tracks, and we are bringing mass transportation busses to renovate the existing fleet.

OPEC continues its walk towards this new stage of its existence in an ever-changing world. OPEC guarantees oil supply, but OPEC also guarantees its peoples a fair price for their oil. 50 dollars? Fair price as a floor. Resources for social and integral economic development of our peoples. Furthermore, resources also to cooperate with poorer countries within our geopolitical milieu.

Is OPEC going to increase production? No. OPEC currently considers that production does not need to be increased. We will have to continue evaluating the different indicators. There are some OPEC countries that are evaluating taking as a reference the dollar, instead of the euro, for oil prices and international commerce. The dollar is weakening,

“What is at risk is very important, both for rich and poor countries, and we should take advantage of every opportunity that is given to us to guarantee the oil market will evolve in a way that is consistent with the regular growth of the global economy, sustainable development and poverty eradication”.

especially because of the political and economic irresponsibility of the government of the United States. The fiscal deficit of the United States is the largest one that ever existed in the history of nations. Military expenditure is increasing. They issue commercial papers without any collateral. The economy of the United States is a real bubble that threatens the world, a speculative and artificial economy.

Over 30 years ago the United States decided to put aside the gold standard, which was the regulating mechanism of international currency, and now that they arbitrarily freed themselves from the gold standard without consulting with any country of the world, they started to create a speculative bubble that threatens the world economy and the stability of the world. If this bubble bursts, the planet will shake. There is no conscience of this in the United States, in the government of the United States. It is an economy that weakens and the dollar loses positions in the world, and I



OPEC delegates expressed their support to the Full Oil Sovereignty policy led by President Chavez's Bolivarian Government.

believe it will continue to lose positions against currencies like the euro.

We hope that one day Latin America will have a common currency. Yesterday we remembered in Ecuador that the Ecuadorian currency was called Sucre. Sunday June 4 will mark another anniversary of the assassination of Marshal Sucre, the famous Liberator Antonio José de Sucre. Can you imagine if there were a strong currency in Asia, the Middle East, Africa and we could shake away the dollar dictatorship, which is part of the international dictatorship of the United States empire. That empire will fall this century. I am certain. The tomb of the North American empire is

open. The day will come to bury it for the benefit of the world and the hope for a world of equals, peace and fair people. A balanced world. This is an important topic for debate.

Another important topic is the incorporation of new countries to OPEC. A topic that has been publicly proposed. Countries in Africa and Asia want to become members of OPEC. They could also be Latin American countries that are starting to free themselves from the imperialist yoke. Truly sovereign new governments are starting to be born here, governments that are making decisions similar to the ones made by OPEC in the 60s and 70s to recover control over the natural resource, control over policies and strategies. Governments such as the one of Bolivian President Evo Morales, who courageously has decided to recover control over the hydrocarbon natural resource. I believe more Latin American nationalist governments will continue to arrive, willing to be free.

And why more governments willing to be free will continue to arrive? Because the Latin American peoples continue to awake and are desirous to be free.



Members of PDVSA's Board of Directors, managers and PDVSA workers attended the inauguration ceremony held in the Simon Bolivar Room in the headquarters of the Ministry for Energy and Petroleum and PDVSA, located in La Campina, Caracas.

And the peoples are the only ones who make history. The voice of the people is the voice of God. When the peoples wake up, nothing and no one can avoid profound changes in societies. And this is happening in Latin America. That is why I say it is impossible to avoid that from happening today, tomorrow or the day after tomorrow, as much as oligarchies from these countries, as much as the imperialist power tries to avoid it, today, tomorrow or the day after tomorrow, governments that decide to take control over their hydrocarbon natural resource will continue to arrive. These governments could be interested in becoming members of our Organisation of Petroleum Exporting Countries.

I dream of the day when Venezuela will not be alone in Latin America as a member of OPEC. Let's not let Venezuela be the only Latin American country member of OPEC. I dream of that day and I believe it will come sooner than later, as well as for other countries in Asia, Africa and the Middle East. OPEC was

born 45 years ago. OPEC was put on its knees. OPEC stood up. OPEC will live successfully ever after. Let it be so. I formally declare this 141st Assembly of Ministers and Governors inaugurated. Thank you very much. ”



Bie

Speech of His Excellency Edmund Maduabebe Daukoru, President of the OPEC Conference and State Minister for Petroleum Resources of Nigeria

S.E. Edmund Maduabebe Daukoru

“President Chavez’s leadership has promoted the identity of the energy sector”

“Your Excellencies, Ladies and Gentlemen, Welcome to Caracas to this 141st Meeting (Extraordinary) of the OPEC Conference. We have gathered here upon the pleasant invitation made by the Bolivarian Government of Venezuela. Let me take this opportunity to thank, on behalf of Your Excellencies, H.E. Rafael Ramirez, Minister of Energy and Petroleum and head of his delegation –and, through him, the government and the people of the Bolivarian Republic of Venezuela– for their generous invitation to hold the meeting that is taking place today, for the excellent facilities they have provided us, and for the warm welcome given to us since our

arrival. I would like to also thank the organizers of the Conference for all their great efforts.

The meeting taking place today is held in the capital city of one of the Founding Members of OPEC, Venezuela, a country that has always proudly participated actively and in a key manner in our Organization’s businesses. In the last years, President Chavez’s leadership has strengthened the Venezuelan oil industry, and has promoted a stronger sense of collective identity and purpose beyond the Latin American energy sector. Staff from OPEC’s Secretariat holds great memories of the two Secretary Generals sent by President Chavez to



Over 130 national and international news agencies covered the 141st Extraordinary Meeting of the Ministerial Conference of OPEC. Over 200 delegates, including ministers, OPEC governors, national representatives and their respective technical teams, attended the Conference.

Vienna in 2001-03 -Dr. Ali Rodriguez Araque and Dr. Alvaro Silva Calderon-, and have entrusted me to transmit their personal greetings to such warm and respected persons.

Venezuela's participation in OPEC really began a long time ago, before the Organization was created, when this nation went to Iran, Iraq, Kuwait and Saudi Arabia in 1949 and proposed to these countries the idea of exchanging points of view and exploring opportunities to achieve more regular and closer communication. Only six years ago, when OPEC celebrated its 40th anniversary, Venezuela was the host country of the Second Summit of Heads of State and Government of OPEC Member Countries, which concluded with a solemn declaration including the reaffirmation of our Organization's principles and objectives, directly related to the stability of the oil market, and the com-

mitment established with other causes that would help improve humanity's welfare, such as sustainable development, poverty eradication, and environmental protection.

Before today's debate begins, I invite you to join me in the sad task of giving our deepest condolences to the Indonesian government and people for the terrible loss they suffered due to the disastrous earthquake that hit that country last week. Our deepest condolences to those who lost loved ones in this tragic natural disaster. We pray to the Almighty God that He will give them courage to endure their loss. May the souls that went away rest in peace, Amen.

Moving on to something more cheerful, I now ask you to join me in congratulating the people of the Republic of Iraq for the recent inauguration of its new government, as well as His Excellency Dr.

Hussein Al-Shahristani, who was named Minister of Petroleum for the Republic of Iraq. Unfortunately, His Excellency Dr. Hussein Al Shahristani could not attend this Conference, but we greet him from here and we hope he will attend our next meeting. Our thoughts are with His Excellency Dr. Hussein Al Shahristani and his country –another Founding Member of OPEC– at this time when this nation is trying to develop its oil industry and emerge as one of the main actors in the world arena.

Please allow me to take some time to give a special welcome to a dear colleague of mine who is attending an OPEC Conference for the first time as chief of his country's delegation, His Excellency Dr. Shokri M. Ghanem, President of the People's Committee of the National Petroleum Corporation of Libya's Popular Socialist Arab Jamahiriya. He is not a stranger to OPEC. He served honorably as Director of the Secretariat's Research Division in Vienna for eight years, until 2001. We eagerly wait to listen to his wise advices and benefit from his vast knowledge regarding our Organization's work. Since the time when the Conference last met in Vienna, in March, oil prices have once again break records, with OPEC's reference basket amounting to over 65 dollars per barrel, which means its price has doubled in only two years.

We are not comfortable with those prices because they are not supported by fundamental aspects and they contain the seed for new volatility. Ultimately, they will be detrimental to all actors in the market. Nevertheless, we shall contemplate the current situation keeping a broader perspective, and notice that, in real terms, prices are still bellow the levels observed at the beginning of the 1980s, when the reference basket reached 85 dollars per barrel at today's prices.

Also, we cannot forget that in the last four years prices for non-energy basic products have largely increased, sometimes at rates higher than oil prices. For example, the price of copper increased 75% between the beginning of this year and mid May. These trends are usually neglected, but they are very important when considering the overall global scenario. As we have already mentioned several times, market volatility is caused by a combination of factors.

Increase in oil demand has been extraordinary in the past two years, with growth rates in 2004 not seen since the beginning of the 1970s. North America and developing countries, China in particular, have been at the center of this remarkable sudden increase, which leveled off to some extent in 2005. Also, the expansion rate of supply coming

from non-OPEC countries has decreased after a period of solid increase in this sector, sometimes at rates higher than expected.

Subsequently, certain stiffness has been observed downstream. Refineries in three key regions of the world –Asia, Europe and the United States– have been working at 90% of their capacity and beyond for most of the time. Moreover, there is a lack of capacity to process the heaviest acid crude, which causes prices of the sweet, lightest crude to decrease, and differences between crude degrees to increase.

Finally, future market activity has increased, and a new influx of capital movements coming from pension and coverage funds has taken place. In fact, last April NYMEX open interest agreements exceeded the 1-million benchmark for the first time ever. Approximations show that total assets managed by coverage funds are in the 1.5-trillion dollar range. If we add to this equation natural disasters and uncertainties derived from geopolitical events and other destructive occurrences taking place throughout the planet, we can understand why volatility is so high nowadays.

OPEC has responded to the need for more oil as and when necessary, emphasizing, once again, our Organization's commitment to always achieve market

stability. Our Member Countries have lately increased production levels over their 5-year average. And, when possible, our Member Countries have expedited their plans to incorporate new production capacity and be able to meet ever-growing increase in demand and reestablish a comfortable idle capacity "cushion". It is not necessary to remind you that in September of last year, during our 137th Conference, we agreed that, if needed, we would make available to the market our Member Countries' idle capacity of around two million barrels per day. We have not received any specific request for that, thus far.

OPEC's upstream capacity is increasing and should reach 3 mb/d by the end of this year, with regards to an average expected production of 28.6 mb/d per year, our idle capacity should exceed ten per cent, a level proven to be acceptable for the market based on past experience. However, OPEC's production policy has ensured that this broad production trend and sufficient idle capacity will continue for many years to come to benefit consumers throughout the world. For this purpose, over 100 projects are now being implemented or planned by Member Countries, and they amount to a total of over 11 mb/d of crude oil and other liquids.

All of this proves, once again, OPEC's

commitment to ensure that consumers receive oil in an orderly, efficient and timely way, how and when they need it, both now and in the future, at fair and reasonable prices. Yet, we cannot act on our own in this endeavor. For this reason, we gladly welcome any progress made in the past years regarding dialogue and cooperation among the main actors in the market, mainly through an institution like the International Forum for Energy, which last ministerial meeting was held in Doha at the end of April of this year, and provided the opportunity to hold formal and informal conversations on market topics.

Additionally, the fact that high-level representatives from some leading oil-producing countries that do not belong to OPEC –Angola, Egypt and Syria– are attending this Conference as observers, is consistent with the need for broader understanding among all the parties on the great challenges the market is currently facing, and the collective willingness of meeting them. What is at risk is very important, both for rich and poor countries, and we should take advantage of this opportunity that is being given to us to guarantee the oil market will evolve in a way that is consistent with the regular growth of the global economy, sustainable development, and poverty eradication.

Your Excellencies, Ladies and Gentlemen, this has been our message for a long time and continues to be, today, more valid than ever. - for your attention.





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Speech of the People's Minister of Energy and Petroleum, Rafael Ramírez Carreño, during the Inauguration of the 141st Extraordinary Meeting of the Ministerial Conference of the OPEC

Rafael Ramírez Carreño

“Part of the sovereign reaffirmation is the deep conviction that our reserves should turn into better quality of life for our people”

“ Ladies and Gentlemen: please receive a warm welcome from the people and the government of the Bolivarian Republic of Venezuela. We are very happy and proud to host you in the 141st Extraordinary Ministerial Conference of the Organisation of Petroleum Exporting Countries (OPEC), and we sincerely hope your stay in our country will be pleasant and productive for everyone.

We believe that this occasion is an extraordinary one in several ways. First of all because it will allow us to ratify the commitments and agreements of the Caracas Declaration issued on OPEC's 2000 Second Summit; secondly because some fundamentals of the oil market show conditions similar to the ones present when this Summit was held, a Summit remembered by everyo-

ne as a milestone in the history of the Organisation; and thirdly because we are experiencing great changes in this context that could have unforeseeable mid-term consequences.

“Part of the sovereign reaffirmation is the deep conviction that our reserves should turn into better quality of life for our people”.

We also believe that the Second Summit in Caracas served as a platform for the “rebirth” of the sole cooperation and cohesion purpose during the hard times the Organization was experiencing, and that it allowed the recovery of the capacity to balance the market under the criterion of fair prices for our resources. We now hope that the 141st Extraordinary Ministerial Conference will serve as a platform to carry out strategic evalua-



“Venezuela serves as a reference regarding the implementation of a very solid and successful policy to defend our main resource: oil. This conviction has a social nature and is expressed by how oil profits are distributed among the population”.

tions that will allow us to overcome the obstacles and threats that hover over our countries as ghosts.

The success our Organization has had in the past six years arises from the cohesion of a common policy and strategy for our countries, swiftness of action, and the technical capacities of our teams. We have performed according to the strategic orientations of our Heads of State, and we have been able to successfully defend the principles on which our Organisation was founded.

Our current challenges are different, but not easier. Geopolitical tensions, participation in speculative markets and the

huge “paper” crude volumes negotiated in futures markets are new variables that grow alarmingly. A large portion of the current prices is caused by these factors, factors that will not disappear, that we are just starting to understand, and that are almost beyond our control.

The cost of inputs and services has shockingly increased, and the crude average world basket is increasingly being composed by more heavy crudes, thereby increasing processing costs. Even worse, driven by nominal levels of “high” prices, dozens of exploration, production and refining projects that will allow a considerable increase in the offer inside and outside our Organisation have been undertaken worldwide, thereby increasing prices even more and creating a scarcity of human and material resources never seen before. We are in the middle of a circle that will have, without a doubt, a hard-to-predict outcome.

The next years will define the strength of the judicial and tax framework, and the coordination of public policies among member countries. The use of the word ‘public’ carries the implicit message that we care for the welfare of our peoples. There is no other possible way when dealing with a non-renewable natural resource on which the lives and future of millions of people depend on.

Part of our sovereign reaffirmation is the profound conviction that our reserves should turn into a better quality of life for our people. In our case, this conviction has evolved into productive social development, support to cooperatives, and a change in the way companies distribute their profits among their participants based on the Social Production Company model.

We have been successful, I repeat, in stabilizing the market, but there cannot be external stability without internal stability, and I am referring to economic, political and social stability in our countries. This stability is nowadays threatened by the shadow of interventionism and State terrorism resulting from the desire of some nations to take over oil reserves by force. Internal social stability in our nations is an essential requirement for integral stability, which includes market and income stability.

Under current conditions we cannot be victims of double standards or be subject to pressures of the media that observes and disseminates only what helps it to convert, with one stroke of the pen, rumours and suppositions into facts. It is sad to be a hero of what one says and victims of what others omit.

Following the best spirit of the founders of our Organisation, we cannot be satisfied with our achievements. The

Conference that begins today should constitute a new platform of criteria for our Organisation, defined by sovereign reaffirmation over the resources, and the absolute conviction that sovereign people should receive the benefits of the applied strategies that translate into better quality of life, thank you very much. ”

SPEECHES
SERIE**9****OPEC,**
independence flag for
countries in the South